CHAPTER 265

HOUSE BILL 2166

AN ACT

AMENDING TITLE 28, CHAPTER 7, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-2007; AMENDING SECTIONS 28-5805 AND 41-1752, ARIZONA REVISED STATUTES; RELATING TO THE VEHICLE LICENSE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 28, chapter 7, article 1, Arizona Revised Statutes, is amended by adding section 28-2007, to read:

28-2007. **Highway safety fee; rulemaking exemption**

A. AT THE TIME OF APPLICATION FOR AND BEFORE REGISTRATION EACH YEAR OF A VEHICLE, THE REGISTERING OFFICER SHALL COLLECT A HIGHWAY SAFETY FEE IN AN AMOUNT TO BE DETERMINED BY THE DIRECTOR ANNUALLY FOR EACH FISCAL YEAR. THE DIRECTOR SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, ALL MONIES COLLECTED PURSUANT TO THIS SECTION IN THE ARIZONA HIGHWAY PATROL FUND ESTABLISHED BY SECTION 41-1752. THE HIGHWAY SAFETY FEE SHALL FULLY FUND ONE HUNDRED TEN PERCENT OF THE DEPARTMENT OF PUBLIC SAFETY HIGHWAY PATROL BUDGET FOR EACH FISCAL YEAR LESS ANY PRIOR UNENCUMBERED BALANCE IN THE ARIZONA HIGHWAY PATROL FUND ESTABLISHED BY SECTION 41-1752 THAT EXCEEDS TEN PERCENT OF THE PRIOR YEAR’S DEPOSITS OF HIGHWAY SAFETY FEE MONIES PURSUANT TO THIS SECTION.

B. THE DEPARTMENT IS EXEMPT FROM THE RULEMAKING REQUIREMENTS OF TITLE 41, CHAPTER 6 FOR THE PURPOSE OF DETERMINING THE HIGHWAY SAFETY FEE PURSUANT TO THIS SECTION.

Sec. 2. Section 28-5805, Arizona Revised Statutes, is amended to read:

28-5805. **Motor vehicle powered by alternative fuel; classification; vehicle license tax; definitions**

A. A separate classification of motor vehicles is established for purposes of taxation pursuant to article IX, section 11, Constitution of Arizona, that consists of motor vehicles that are powered by alternative fuel and for which the department issues an alternative fuel vehicle special plate or sticker pursuant to section 28-2416.

B. Notwithstanding section 28-5801, the registering officer shall collect at the time of application for and before registration of the motor vehicle that is classified under this section an annual license tax of four dollars for each one hundred dollars in value. During the first twelve months of the life of the motor vehicle as determined by its initial registration, THE MOTOR VEHICLE VALUE IS DETERMINED AS FOLLOWS:

1. FOR A MOTOR VEHICLE THAT IS PURCHASED BEFORE JANUARY 1, 2020, the value of the motor vehicle is one per cent a percentage set by the director of the manufacturer's base retail price of the motor vehicle. During each succeeding twelve month period after the first twelve months of the life of the motor vehicle as determined by its initial registration, THE MOTOR VEHICLE VALUE IS DETERMINED AS FOLLOWS:

   1. FOR A MOTOR VEHICLE THAT IS TEN THOUSAND POUNDS OR LESS GROSS VEHICLE WEIGHT AND THAT IS PURCHASED ON OR AFTER JANUARY 1, 2020, DURING THE FIRST TWELVE MONTHS OF THE LIFE OF THE MOTOR VEHICLE AS DETERMINED BY ITS INITIAL REGISTRATION, THE VALUE OF THE MOTOR VEHICLE IS THIRTY PERCENT
OF THE MANUFACTURER’S BASE RETAIL PRICE OF THE MOTOR VEHICLE. DURING EACH
SUCCEEDING TWELVE-MONTH PERIOD, THE VALUE OF THE MOTOR VEHICLE IS FIFTEEN
PERCENT LESS THAN THE VALUE FOR THE PRECEDING TWELVE-MONTH PERIOD.

C. The minimum amount of the license tax computed under this section is five dollars per year for each motor vehicle subject to the tax.

D. Except as specifically provided in this section, the vehicle license tax on a motor vehicle classified under this section is governed by this article.

E. THE VEHICLE LICENSE TAX ON A MOTOR VEHICLE THAT EXCEEDS TEN
THOUSAND POUNDS GROSS VEHICLE WEIGHT, THAT IS POWERED BY ALTERNATIVE FUEL
AND THAT IS PURCHASED ON OR AFTER JANUARY 1, 2020 IS COLLECTED PURSUANT TO
SECTION 28-5801.

F. For purposes of this section:
1. "Alternative fuel" has the same meaning prescribed in section 1-215.
2. "Motor vehicle" means a vehicle that meets the safety standards of the national highway traffic safety administration and includes neighborhood electric vehicles that meet the standards prescribed in 49 Code of Federal Regulations section 571.500, except that, if a vehicle is designed to be operated at speeds of twenty miles per hour or less, the vehicle is not required to have a seventeen digit vehicle identification number.

Sec. 3. Section 41-1752, Arizona Revised Statutes, is amended to read:

41-1752. Arizona highway patrol fund
A. An Arizona highway patrol fund is established.
B. The Arizona highway patrol fund consists of:
1. Monies distributed to the fund from the Arizona highway user revenue fund by the legislature subject to section 28-6537.
2. Miscellaneous service fees.
3. Rewards.
4. Awards.
5. Insurance recoveries.
6. Receipts from the sale or disposal of any property held by the Arizona highway patrol or purchased with Arizona highway patrol monies.
7. Monies received from the public safety personnel retirement system pursuant to section 20-224.01.
8. Monies deposited pursuant to section 28-3513.
C. Subject to legislative appropriation, the patrol superintendent shall administer and spend monies in the Arizona highway patrol fund in conformity with the laws governing state financial operations.
D. Monies in the Arizona highway patrol fund:
1. Do not revert to the state general fund or Arizona highway user revenue fund.

2. Are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

E. Subject to legislative appropriation, monies in the Arizona highway patrol fund shall be used to administer the provisions of law relating to the highway patrol and the Arizona highway patrol reserve and all matters pertaining to those laws, except that monies received pursuant to subsection B, paragraph 7 of this section shall be used for the department of public safety.

Sec. 4. Effective date

Section 28-5805, Arizona Revised Statutes, as amended by this act, is effective from and after December 31, 2019.

Sec. 5. Legislative intent

It is the intent of the legislature that, for the purposes of collecting the vehicle license tax pursuant to section 28-5805, Arizona Revised Statutes, as amended by this act, the director of the department of transportation set the value of a vehicle that is powered by alternative fuel at no more than ten percent of the manufacturer's base retail price of the vehicle.

APPROVED BY THE GOVERNOR APRIL 25, 2018.